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daminova_nurgul@rambler.ru**Readiness of Kyrgyz companies to export****Кыргызстандагы чакан жана орто бизнестин эл аралык даяры****Готовность малого и среднего бизнеса к интернационализации в Кыргызстане**

Annotation: the internationalization process of Kyrgyz small and medium sized enterprises is very important question in this moment. This article provides the results of a study about the readiness of small and medium-sized enterprises to export. conceptual model of internationalization readiness of small and medium enterprises, based on the analysis of the relevant literature.

Аннотация: на данный момент процесс интернационализации малого и среднего бизнеса актуален в Кыргызстане. Это связано прежде всего с изменениями во внешней политике государства, которые позволили предпринимателям увидеть новые возможности для развития бизнеса. В данной статье рассматривается вопрос готовности малого и среднего бизнеса в Кыргызстане к самому процессу интернационализации, и какие факторы влияют на этот процесс.

Аннотация: азыркы учурда чакан жана орто бизнестин интернационалдандыруу процесси өтмө актуалдуу Кыргызстанда. Бул макалада эл аралык базарга чыгууга, чакан жана орто ишканалардын даяр экендиги жөнүндө жүргүзгөн изилдөөнүн жыйынтыгы каралган. Темага тиешелүү адабияттардын талдоонун негизинде модель, чакан жана орто ишканалардын эл аралык даярын баалоо жыйынтыгы берилген.

Keywords: internationalization; small and medium-sized enterprises; international readiness; export.

Ключевые слова: интернационализация; малый и средний бизнес; международная готовность, экспорт

Негизги сөздөр: интернационалдандаруу; чакан жана орто бизнес; эл аралык даяр. экспорт

Introduction:

Internationalization reduces barriers to enter the international market. The internationalization is the main indicator of the company's growth. Market liberalization and new technologies enable SMEs to work across national borders and compete with each other on a new level. There are pros and cons of the internationalization. Various theories and methods for evaluating the company's international readiness exist, in particular, the International Readiness Diagnostics (IRD) [1], Readiness Index for Internationalization (IRI) [7] International Business Model Assessment (IBAM) [2]. Based on these hypotheses we have developed a model of analysis of readiness for internationalization and performance to it.

Literature review

Several international readiness researches have been done in the international business field. From early works of Cavusgil (1990) to the recent research by Carroll (2012), they assessed the international readiness of SMEs from different sides. We analyzed some models in this field.

Beliveau and Haskell (2007) offered the development of International Readiness Diagnosis (IRD) for small and medium sized firms[1]. The IRD evaluates various aspects of firm readiness for international activities. There are five dimensions of a firm's preparedness for internalization. The first dimension focuses on managerial factors (e.g. management attitudes, motivations, perceptions and characteristics) (Sutinen, 1996; Francis, Collins-Dodd, 2000). The second dimension of IRD is based on variables related to the firm's competencies and characteristics. The third dimension is industry characteristics (e.g. stability, available financing, government maintenances), domestic characteristic (e.g. competitiveness, potential market for goods of firms, foreseen challenges) and foreign market characteristics (e.g. presence of market obstacles, release of identifying and working with foreign

partners). The fourth dimension of IRD focuses on different aspects of marketing strategy of firm (strategic alliances, mode of entry, size of entry, product adaptation, export marketing information, degree of competitiveness). The fifth dimension is based on firm performance (financial and non – financial) after the firm begins its international activities.

The International Business Assessment Model (IBAM)[2] is the tool for evaluating SME’s international capabilities and the field of progress (Carroll, 2012). This method is relevant to business without national borders. IBAM examination is focused on four fields of internationalization: 1. Market deduction; 2. Customer understanding; 3. Business knowledge; 4. Entry mode. General assessment is based on five various processes: management process; innovation and development process; consumer control process; product management process; and information system process. With considering four fields of internationalization and five overall processes, there are 20 assessable subjects.

Finally, all firms’ internal activities which are related to the internationalization process will be covered entirely (Carroll, 2012).[2]

Furthermore, Jean – Paul David and Guillaume Cariou (2014) suggested six overall dimensions of internationalization: 1) the competencies of the managers assigned to the internationalization project, 2) the heritage of the SME within international markets, 3) the relationships the SME maintains abroad, 4) the offerings that the SME has earmarked for international markets, 5) the means at the disposal of the SME for carrying out its internationalization strategy and 6) the engagement of the SME’s management in the internationalization project.

Analysis of models and hypothesis

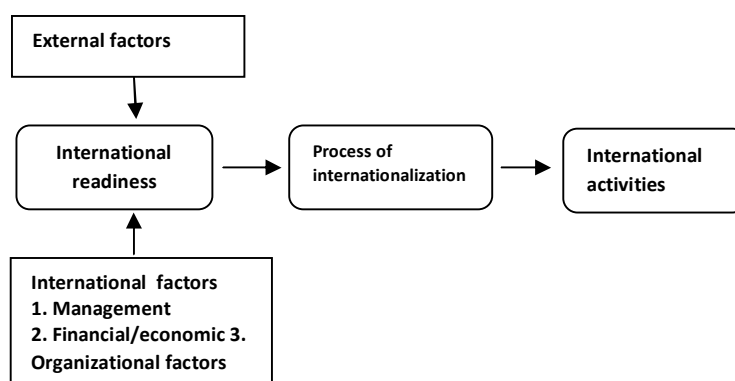
In this study, we employ three dimensions for analyzing readiness of firms to export. Constructing on the export barriers by related literature, internationalization readiness is represented by managerial factors, financial, economic and political factors?

Managerial factor is defined as motivation of business owners to export their products, management attitudes, perceptions of internationalization, no fear of unknown export venture.

Financial and economic factors are related to the firm’s competencies (availability of a unique and differentiated product, availability of export personnel, etc.) or resources (financial, technology, human resources, etc.)

Political factors are defined as country stability, involvement of the government, opportunities and obstacles constructed by government (tariff and non-tariff barriers, abolition of export duties, etc.).

Fig. 1 Conceptual of internationalreadiness in Кыргызstan.



This framework represents external and internal environmental factors. The business environment influences not only the marketing strategies of a firm, but also decision of internationalization of business.

These pressures that surround businesses influence life and development of the firm. Firms that want to reinforce their activities in global markets should investigate the business environment which plays an important role for making decision to enter the foreign market. Accordingly, we suggest the following hypotheses:

H1: Managerial factor is an important indicator of international readiness of SMEs.

Managerial factors are defined as motivation of business owners to export their products, the relationship of administrative staff, understanding the importance of exports.

H2: Financial / economic factors are an important indicator of international readiness of SMEs.

Financial and economic factors related to the firm's competencies (the presence of a unique and differentiated product, the availability of staff with experience in international companies, etc.) or resources (financial, technological, human resources, etc.)

H3: Organizational factors is an important indicator of international readiness of SMEs.

Organizational factors are defined as the knowledge of export documentation procedures; possibility of product / packaging adaptation if necessary; transportation; corresponding export strategy.

External factors are defined as the stability of the country, government support, opportunities and barriers established by the state (tariff and nontariff barriers, the abolition of export duties, etc.), export support, cultural factors, etc.

Business environment not only affects the company's marketing strategy, but also the decision to internationalize the business and development of the firm. Firms that want to strengthen their activity in global markets should explore the business environment which plays an important role in the decision to enter the foreign market.

External factors play an important role in the internationalization of business, but they are uncontrollable forces. Owners of business cannot affect them directly, although it may be the cause of changes in the business environment. Internal factors are controlled forces, and entrepreneurs can influence, vary, improve them, and help to adapt to changes in the environment.

In this regard, the model takes into account only the internal factors, such as management, financial / economic and organizational factors to assess the preparedness of the internationalization of small and medium-sized enterprises.

To test the model 205 Kyrgyz firms were questioned and questions about their work, motivation and possible steps in the future related to internationalization were asked.

Conclusion

We have developed a conceptual model of international preparedness and showed the relationship between the availability and activity of the company. The key conclusion is that the commitment to internationalization is a multifaceted concept. As the content analysis shows that different types of variables serves as an effective predictor for each of the three specific types of international readiness. For example, the formalization of international activity has a positive effect on the financial / economic and managerial preparedness and significantly associated with the operational readiness. The same result was observed in relation to the international motivation which is consistent with previous studies (Leonidou, 1995) and emphasizes the importance of motivation to begin the process of internationalization. [5]

Evaluation of internationalization readiness makes possible to share with entrepreneurs what researchers found for successful internationalization process in recent years. The results could potentially help entrepreneurs assess the current situation in the company or the level of internationalization in order to speed up the process of internationalization.

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